



Testimony on Senate Bill 784 before the House Tax Policy Committee

By

**Douglas M. Paterson, Director of State Policy
Michigan Primary Care Association**

Thank you Mr. Chairman, first for bringing this bill up for consideration by the committee, and secondly for the opportunity to testify today.

My name is Doug Paterson and I serve as the Director of State Policy for the Michigan Primary Care Association, a member association of 29 organizations providing primary medical care to historically underserved populations in Michigan. Our member organizations operate health centers serving persons that live in urban and rural medically underserved areas. These centers are called federally qualified health centers (FQHCs) because they are designated by the federal government as serving as part of our nation's "safety net" to assure that low income people and people living in jurisdictions without adequate numbers of medical care providers in fact, receive medical care. The 29 organizations that I represent operate over 150 separate health clinics in Michigan serving over half a million people who, without us, would likely go unserved. Seventy percent (70%) of the patients served in our centers are uninsured or on Medicaid. No person that walks through the door of an FQHC is ever turned away because of lack of insurance or inability to pay.

Most recently, even though all our centers have official federal 501 (c) (3) designation, as charitable organizations, several centers have received assessment and tax notices from township assessors that, if required to pay, will significantly reduce revenue currently used to treat low income patients.

With me today is Dan McKinnon, Executive Director of one of our member organizations in East Jordon, Michigan. He will testify on how such a tax will impact that center, their services, and the people they provide medical care to.

It is our request, that this committee pass Senate Bill 784 and help our centers assure that funding needed to serve low income and uninsured citizens are preserved for that purpose.

Thank You!

**Written Testimony by Michael Wurtsmith,
Chairman of the Board
Thunder Bay Community Health Services**

My name is Michael Wurtsmith and I am the Chairman of the Board of Thunder Bay Community Health Services (TBCHS), a Federally Qualified Health Center in Northeast Michigan. I am a user of the health center, and a representative of the TBCHS Board. As you know by now, health centers such as this must be non-profit corporations, and the Board of Directors must be comprised of 51% of patient users, who live and/or work in the community. If it wasn't for TBCHS many people, including myself, would not have a health care center here in our sparsely populated communities.

Our experience has been that all FQHC's have been granted tax exempt status until recently, when one of our local tax assessors decided to place our facilities on the tax rolls and assess us a property tax liability. The problem with having to pay these taxes is that the money will need to come directly out of the resources we use to care for our uninsured patients, and those who only have catastrophic insurance coverage.

Based on the assessment notices we have received, we expect to receive property tax bills totaling approximately \$40,000. We cannot absorb this cost. This year alone, TBCHS will be forced to provide 727 less primary care visits, 727 less lab tests, 727 less x-rays, and 727 less low cost prescriptions. Other services which will be in jeopardy due to decreased resources include elimination of the planned dental care expansion and reconsideration of the policy to provide free sports physicals at ten area schools covering four Counties, including Hillman, Atlanta Onaway and Fairview Schools to name a few.

Should the tax assessor from Montmorency County decide to tax our two clinic facilities in that County our situation will become even worse. Our tax liability would more than double and the impact to our patients would become ever more critical. I can only stress that the fiscal well being of our organization directly affects the physical well being of the patients we serve. Should this happen, TBCHS would be forced to provide 1500 less patient services per year.

In closing, understanding the current fiscal environment for all entities, it does not make sense to me to rob Peter to pay Paul by taking money out of the uninsured and underinsured patients of our communities.

I would ask that you please support this bill, and clearly send the message to the assessors of our communities that it was never intended for FQHC's to be subject to property taxation.

Thank you.